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# Minutes

## Board of Natural Resources

March 2, 2004

Natural Resources Building, Olympia, Washington

### BOARD MEMBERS PRESENT

Doug Sutherland, Commissioner of Public Lands

Bob Nichols for Governor Gary Locke

Terry Bergeson, Superintendent of Public Instruction

Glen Huntingford, Commissioner, Jefferson County

Bruce Bare, Dean, University of Washington, College of Forest Resources

R. James Cook, Interim Dean, Washington State University, College of Agricultural, Human, and Natural Resource Sciences

### BOARD MEMBERS ABSENT

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### CALL TO ORDER

Chair Sutherland called the meeting to order at 9:00 a.m. on, March 2, 2004, in Room 172 of the Natural Resources Building.

### APPROVAL OF MINUTES

MOTION: Terry Bergeson moved to approve the February 17, 2004, Board of Natural Resources "Special" Meeting Minutes.

SECOND: Glen Huntingford seconded.

ACTION: Motion passed unanimously.

### PUBLIC COMMENTS FOR AGENDA ACTION ITEMS

Dr. Dean Ray Berg - Silvicultural Engineering (Handout 1)

Mr. Berg conveyed his concerns about focusing the cut level on volume rather than value and what the ecological impact would be if the cut levels were increased. He stated that in his opinion there is a poor foundation for monitoring and increased compliance that would come along with higher cut levels.

Toby Thaylor - Washington Forest Law Center (WFLC) (Handout 2)

Mr. Thaylor remarked on the 1992 Forest Resource Plan stating that it did not set specific harvest levels but set an estimate of what could be sold (FRP p18). In Mr. Thaylor's opinion setting the harvest level at 635 mmbf would not be sustainable and would create political and legal pressure to maintain the target level. He concluded that the 1992 Forest Resource Plan provided excellent stewardship provisions and that the commitments in that plan were never implemented by DNR.

Angela Emery - Washington Forest Law Center (WFLC)

Ms. Emery expressed her concerns about the preferred alternative and the proposed release of owl circles in three years due to the decline in owl population. She felt that it would be inappropriate to take away potential or future habitat of this species. She then commented that the removal of the 50/25 rule would pose a substantial threat to watersheds and that DNR needs guidance to monitor watersheds. Ms. Emery commented that from an environmental and economical standpoint it is unwise to choose a preferred alternative before completing a full certification analysis.

Alex Morgan - Seattle Audubon Society

Mr. Morgan expressed his concern regarding the release of owl circles, the missed opportunity of Forest Stewardship Certification, the need to protect riparian and Old Growth areas, and the lack of any Marbled Murrelet recovery plan. He then stated that the Seattle Audubon Society has been expressing these concerns for the past two years and feels that these issues have not been addressed; with this preferred alternative the State will be taking a step back in sustainability and that the calculation is focusing on profits.

Eric Harlow - Staff Scientist - Washington Forest Law Center (Handout 3)

Mr. Harlow commented on the need for an SEIS. He expressed concern over the Board's decision to choose a preferred alternative with minimal information or analysis regarding environmental consequences. He then stated that there is not adequate time for the public to comment on the FEIS.

Peter Goldman - Washington Forest Law Center (WFLC)

Mr. Goldman commented that the potential increase in the SHC by 35% is a step backward for the Department. He expressed concern about where the trees to be harvested would come from and how it would negatively impact watersheds and habitat. He then remarked that the log prices may not go up in the future and that it may hinder DNR's ability to compete globally. He suggested that DNR seek certification. He concluded by commenting that the potential preferred alternative does not look to the future and is not based on sound science.

Mr. Mulligan - Earth Ministry (Handout 4)

Mr. Mulligan began by suggesting that the Board adopt the recommendations brought forward by WEC. He then explained how the forests provide water and air for all God's creatures and that the spiritual ties to the land are strong in the Northwest. He then commented that the lands in Washington are not just Government property but also a part of "God's revelatory presence in our midst."

Ruth Mulligan - Diocese of Olympia - Committee for the Environment (Handout 5)

Ms. Mulligan began by stating that she treasures the forests in Washington and is concerned about clear cutting. She then urged the Board to follow the recommendations of WEC and feels that they are most consistent with the committee's values of stewarding creation for spiritual nourishment and for generations to come.

Becky Kelley - Washington Environmental Council (WEC) (Handout 6)

Ms. Kelley began by explaining that WEC does not support the preferred alternative, in her opinion it decreases environmental protection and does not invest in restoring unhealthy forests. She remarked that with this alternative there would be more logging on potentially unstable slopes, heavy logging near streams and minimal variable density thinning that is needed for habitat creation. She then stated that FSC certification would be a balanced solution to managing the forests sustainably and providing benefits to the trust.

Morgan Ahouse - Seattle Audubon

Mr. Ahouse began by expressing his opinion that the Northwest Cascades is not a place for low cost forestry practices due to unstable slopes, rain on snow, and an urban population demanding recreational access and healthy salmon runs. He then urged the Board to attend to future stakeholders as they are attending to current stakeholders.

Jim Davis - Conservation Partnership Center

Mr. Davis commented that the forests are not healthy and the conflict of harvesting to benefit the trusts is not sustainable. He then remarked that there are not enough trees to harvest the amount of board feet targeted in the potential preferred alternative.

Kirsten Stade - Gifford Pinchot Task Force (Handout 7)

Ms. Stade urged the Board to adopt stricter environmental protections on all state forestlands. She then remarked that the potential preferred alternative focuses on maximizing short-term profits. She commented that the current health of the forests due to regeneration harvest does not support biodiversity. Ms. Stade then urged the Board to exclude logging in all old growth areas.

Paul Wiseman - Public Citizen (Handout 8)

Mr. Wiseman began by explaining that the growth of the state will surpass the amount of logging that can be done sustainably. He then stated that harvesting should not be counted on as a source for building funds.

Janet Strong - Biologist (Handout 9)

Ms. Strong began by reviewing her experience working with DNR foresters under the Timber, Fish, and Wildlife Agreement over a period of 13 years. She then commented that all the alternatives call for increased logging and that the preferred alternative is an example of regressive forestry. She then stated that 80% of Washington's forests are in the competitive exclusion phase of growth where trees are competing for water, space, and light. She concluded by asking the Board to adopt alternative 1 or 4 so that future generations can benefit from the forests as well.

Dean Schwickerath - Public Citizen

Mr. Schwickerath commented on how harvesting timber to fund schools sends a mixed message to children. He then stated that the potential preferred alternative is irresponsible.

Tim Cullinan - Staff Scientist - Audubon Washington (Handout 10)

Mr. Cullinan began by stating that Audubon Washington does not support the potential preferred alternative. He commented on the social aspects of forest management and more specifically in the Olympic Forest area. He remarked that setting the logging level high creates an expectation that may not be met, therefore causing polarization and conflict in communities that are timber dependant. He urged the Board to wait on a decision until the results from the marbled Murrelet status reviews are published.

Jim McRoberts - East Lake Washington Audubon Society/ Washington Fly Fishing Club

Mr. McRoberts remarked that the riparian areas should have extra protection. He expressed concern over clear cutting and the current health of the forests, in his opinion the preferred alternative would only exacerbate the unhealthy conditions.

Peggy Burton - Speaking on behalf of Jean Westgate - Friends of Sumas Mt. (Handout 11)

Ms. Burton commented on Ms. Westgate's behalf stating that they strongly oppose any harvest level that increases logging and weakens environmental protections. She then urged the Board to adopt an alternative that decreases harvesting on and near unstable slopes, protects all of the remaining old growth, and increases the rotation age to 80 years. She also commented that FSC certification should be included in the selection of a preferred alternative.

Leif Tallman - Public Citizen (Handout 12)

Mr. Tallman expressed concern about the health of the forests; he then suggested that DNR look closely at FSC certification.

Elizabeth Davis - Chair of Natural Resources Committee - League of Women Voters of Washington (Handout 13)

Ms. Davis stated that the League does not support the potential preferred alternative due to the weakening of environmental protections. She then expressed concern over the fact that the FSC Certification is not included in the SHC and stated that the league supports legislation that would require the Department to study certification before the SHC is selected. She then remarked that the financial issues facing the Department would not be resolved through timber revenues.

Judy Turpin - Public Citizen

Ms. Turpin expressed concern regarding the riparian areas in the potential preferred alternative. In her opinion the policy regarding riparian areas does not seem like it will meet the expectation to take out 79 mmbf.

Jean Shaffer - Forest Stewards Guild (Handout 14)

Ms. Shaffer recommended that the Board look at natural selection as part of sustainable forestry and remarked that it was not included in the computer modeling. She then suggested that they mix Natural Selection Harvest with Biodiversity Pathways, as it would allow adaptation of the forest to changing global conditions, provide other forest values, and reap the revenues needed.

Bonnie Phillips - Chair of Olympic Forest Coalition (Handout 15)

Ms. Phillips began by explaining that she is a Master's student at The Evergreen State College and is doing her thesis on the Policy of Extinction: The Case of the Northern Spotted Owl. She indicated that Washington State's owl population is declining at a far more rapid rate than was expected, and that the owl will have to be listed as endangered in this state. She remarked that the lack of landscape planning and taking away protection from abandon sites are contributing factors to the decline in owl numbers.

Mardel Chowen - Friends of the Carbon River

Ms. Chowen began by stating that timber prices are low right now and that the preferred alternative proposes to increase harvest levels, she wondered if that was a wise move. She expressed concern about unstable slopes, water quality, animal habitat, and old growth with regard to the preferred alternative. She remarked that Friends of the Carbon River understand the need to balance the budget but urged the Board to think long term when selecting the alternative.

Linda Kamerrer - Public Citizen

Ms. Kamerrer began by expressing concern over three points in the preferred alternative 1) lowering the minimum rotation age below 60 years 2) No policy to protect Old Growth stands 3) Harvesting near habitat and water.

Aisling Kerins - Wash PIRG

Ms. Kerins stated that the removal of the 50/25 rule would allow over harvesting near watersheds. She continued that the preferred alternative would increase harvesting by over 41% and less targeted thinning would be done. She commented that Wash PIRG supports FSC certification, protection of Old Growth forests, and lengthening the rotation age.

Rod Fleck - City of Forks Attorney

Mr. Fleck commented that there should be a discussion about the DNR expenses, especially if the number goes above 22% on forest board transfer lands. He continued that the preferred alternative would be better than the last 7-8 years but they still need the data to confirm that.

Joe Ryan - Member of Executive Committee of Washington Conservation Voters

Mr. Ryan conveyed his support of the WEC in their support of FSC certification and Old Growth Timber protection.

Eve Johnson - on behalf of Polly Dyer

Ms. Johnson commented that Ms. Dyer is concerned about the preferred alternative and it's ability to achieve long-term sustainability. She commented that Ms. Dyer felt that the preferred alternative did not equally consider wildlife habitat, water quality, and watershed protections. She then urged the Board to carefully consider the alternatives before making a selection.

Eve Johnson

Ms. Johnson remarked that she assumed that both sides would be represented and wondered why that wasn't the case.

Marcy Golde - Washington Environmental Council (WEC) (Handout 17)

Ms. Golde began by discussing the trust responsibilities specifically quoting from the Forest Resource Plan "An obligation to provide for all generations without unduly favoring present or future beneficiaries". Ms. Golde remarked that in the past the present generations were already unduly favored in a number of ways and now the future generations are owed a debt that needs to be repaid. She continued that the preferred alternative needs to provide for the repayment of this debt over its life. She expressed that the debt includes 200 million to bring the forest roads up to the standards of the forest and fish agreement, 80% of the forests are in competitive exclusion stage and need help, and third there have been excessive funds taken out of the management account. She then wondered how the preferred alternative meets this trust duty.

Phillip Kitchel - Olympic Resources Company (Handout 18)

Mr. Kitchel began by thanking the Department for the time they have put into this process. He stated that there have been a lot of comments about Old Growth stands without anyone mentioning that there is already 1.4 million acres of that particular timber type set aside. He continued that there have been discussions about decline in owl numbers but with no clear explanation on why those numbers have dropped in the OESF areas even though there is virtually no logging in that area. He commented on the fiduciary responsibility to the general fund, hospital, fire, and junior taxing districts and reminded the Board of their legal responsibility to the trust mandates.

Dave Ivanoff - Hampton Lumber

Mr. Ivanoff emphasized the importance of DNR outputs to the maintenance of jobs and the social aspect of the timber communities in Morton, Randle, and Darrington. He remarked that with the sophistication in technology the timber market would compete globally. He referred to the State of Oregon and how the forest products industry was dependant upon federal timber harvesting and when that shifted to high tech the unemployment rate rose to 2<sup>nd</sup> highest in the nation. In his opinion the preferred alternative is environmentally sustainable and suggested that DNR reduce operability constraints in it's timber sales to increase stumpage prices. He then urged the Board to select the preferred alternative.

Bob Dick - American Forest Resource Council (AFRC)

Mr. Dick stated that the data may not be perfect but it is much more advanced than a few years ago. He then said that the proposal before them sets policy and does not answer all the questions nor should it attempt to. He continued by saying that since 2000 this has been a very open process and there was a time when it was not. Mr. Dick addressed slope stability and how the HCP was put into place to prevent the events that happened in the 1970's.

Dave Whipple & Paula Swedeen - Washington Department of Fish & Wildlife (Handout 19)

Mr. Whipple introduced himself as the Section Manager of Forest Habitat and Paula Swedeen who works on his staff as the Forest Habitats Coordinator. He began by acknowledging DNR staff and the Board for their extensive analysis and the quality of work put into the SHC process. He continued that the preferred alternative contains elements that shift DNR to a more ecologically sustainable forest management, especially the biodiversity pathways approach in spotted owl management areas and riparian zones. Fish and Wildlife is working with DNR, Federal agencies, and the Tribes in developing the riparian management strategy and he is confident that this will result in restoration harvests. Mr. Whipple continued that the Board should state policy support for full implementation of the biodiversity pathways and continue exploring the means to invest forest management practices that move DNR away from stem exclusion forests to more biologically complex forests. He then addressed the 50/25 rule and recommended the following for replacement: Direct DNR to examine landscape cumulative effects as soon as possible; watersheds identified in the DEIS as having younger trees be given special consideration during implementation planning and managed so that high levels of harvest are not concentrated over a short period of time; watersheds that are dominated by stem exclusion should be prioritized for variable density thinning as budget allows. Mr. Whipple expressed WDFW's support for protection of Old Growth and suggested that the Board adopt a broad policy as part of the preferred alternative to define and protect Old Growth or the Board could direct DNR to identify the old growth stands as part of the implementation process for the SHC and protect stands that are not already under the HCP. He concluded by saying that WDFW is willing to assist DNR in pursuing funding for moving Old Growth out of trust status that is not already serving HCP commitments.

Terry Bergeson asked for clarification on the two suggestions regarding the Board's direction on Old Growth.

Mr. Whipple responded that the first one is an up front policy direction from the Board to DNR as far as defining and protecting the Old Growth and the second is building that into the implementation planning.

Chair Sutherland thanked Mr. Whipple and Ms. Swedeen for their assistance in the development of DNR's environmental review.

Becky Stanly - Public Citizen

Ms. Stanly asked the Board not to make any land use decisions before looking at FSC certification. She commented that in building her deck she was willing to pay more for the FSC timber and in her opinion

she feels that Washington's timber could be worth more with that stamp. Ms. Stanly commented that the preferred alternative is not sustainable over time.

Nancy Ritzenthaler - Northwest Ecosystem Alliance

Ms. Ritzenthaler commented that the Board has been asked to look ten years into the future on a timber policy that was established at statehood. She continued that 105 years ago 2.2 million acres of land were granted to meet the needs of 500,000 citizens; that number has risen to 6 million citizens and 2.8 million acres. She urged the Board to look to future generations when selecting an alternative and to protect all Old Growth from harvesting. She then urged DNR to evaluate the environmental impacts of roads and to reduce road density to 2.0 miles of road per square mile of area specifically in riparian zones, unstable slopes, and within watersheds. Ms. Ritzenthaler expressed that the rotation age should be longer to produce higher quality products and to maintain wildlife habitat. She urged the Board to consider FSC certification and mentioned that lumber prices are high right now and in her opinion those numbers will increase in the future.

Carol Johnson - North Olympic Timber Action Committee

Ms. Johnson commented that NOTAC supports Old Growth and DNR self-certification and some increased level of harvesting on DNR land based on the direction the Department is taking. She asked for more information on a comment at the Feb. 3<sup>rd</sup> meeting regarding 917,000 acres being available for harvest and 523,000 being unavailable for harvest. She reminded the Board that mistakes are tolerable in this business because trees do grow back.

Break at 11:00

Reconvene at 11:15

## **LAND TRANSACTIONS**

City of Darrington - Land Sale #02-070012 (Handout 21)

Rich Scrivner began by introducing Pam Plancich from the Asset Management Division. He explained that this would be a direct transfer of 5 acres of scientific school trust land to the town of Darrington. Proceeds from this sale would be deposited into the real property replacement account. He then gave a brief description of the location: Located 25 miles east of Interstate 5 and north of State Highway 530; property is located in unincorporated Snohomish County and within Darrington's urban growth boundary; zoning is heavy industrial. Characteristics: 5 acre unimproved parcel; primarily level, with some native scrub brush and DNR reprod; interior site with no direct road frontage; interior view of southerly part of site, looking west.

MOTION: Terry Bergeson moved to approve Resolution #1108

SECOND: Bob Nichols seconded.

DISCUSSION: Mr. Bare asked what the long-term strategy would be for the other DNR ownership?

Mr. Scrivner responded that there are 220 acres within the urban growth boundary and it is zoned heavy industrial. He continued that the Department is in preliminary discussions with the Darrington School District and they will continue to work with the town in a comprehensive manner.

ACTION: Motion passed unanimously.

#### Lacey Compound - Land Sale #02-071482 (Handout 22)

Debi Van Buren began by presenting the sale of the Lacey Compound. Proposal: Include 0.17acre in public auction of Compound Admin site March 30, 2004. Location: Thurston County; 0.17 acre Common School Trust; zoned commercial. Value: \$52,000. Benefits: inefficient to manage as a lone parcel; asset replaced.

MOTION: Glen Huntingford moved to approve Resolution #1109

SECOND: Bruce Bare seconded.

ACTION: Motion passed unanimously.

## **TIMBER SALES**

#### Proposed Timber Sales for April 2004 (Handout 23)

Jon Tweedale - Product Sales Manager, gave a brief overview of February 2004 sales results: 10 sales offered & 10 sold; 38.6 mmbf offered & 38.6 mmbf sold; \$8.1 Million minimum bid & \$11.5 Million sold; \$211/mbf offered & \$298/mbf sold; average number of bidders 5; 41% above minimum bid.

Proposed April 2004 Board sales: 19 sales at 76.4 mmbf; \$20.1 million minimum bid; average \$263/mbf. All 19 sales are recommended.

Mr. Tweedale mentioned that 46% of this month's sales were thinning and even with a high percentage of thinning sales the stumpage prices are still increasing relative to the last three years.

Ms. Bergeson commented that out of the 19 sales only 10 were regeneration harvests.

Mr. Tweedale said yes 54% of the acres are regeneration sales.

Mr. Bare asked about County Line resale.

Mr. Tweedale responded that County Line was a helicopter default sale, and that the Department has increased the acreage of helicopter sales and added separate independent helicopter sales to the package for this month. The cost of running helicopters is expensive and in order to have the most efficient operations the costs can be decreased by offering the whole package as a bid.

Mr. Cook asked in response to comments made by the public earlier in the meeting about the quality of DNR's timber in the market place and wondered if the Department is moving towards lower quality timber.

Mr. Tweedale responded that the comments from DNR customers are that DNR has the best quality timber in the marketplace. It has to do with the way the stands are grown and consistency in growth rings; 8-10 rings per inch. The potential preferred alternative is consistent with the quality of timber that DNR is growing.

Mr. Bare asked why residual trees are higher on contract harvesting.

Mr. Tweedale conveyed that the Wheel Ridge sale was surrounded by private land that was heavily harvested, and the request was for greater retention of leave trees. He continued that they are leaving the Pine and harvesting the Doug Fir and Hemlock because they are susceptible to the bugs.



Mr. Bare suggested that an additional column be added for harvest types.

Mr. Tweedale said they wanted to note that it was a contract harvest sale and that the cost was higher.

MOTION: Glen Huntingford moved to approve the April 2004 Timber Sales.

SECOND Terry Bergeson seconded.

ACTION: Motion passed unanimously.

## **BOARD DISCUSSION**

### Sustainable Harvest Calculation - (PowerPoint Presentation Handout 24) (Summary Report Handout 25)

Chair Sutherland began by giving a brief overview of the process that has moved DNR and the Board toward where they are today, selecting a preferred alternative for the sustained yield calculation. Chair Sutherland stated that DNR has had the most open and publicly involved process he has seen in his experience with environmental reviews including: public testimony, public meetings, and individual meetings with stakeholders and various organizations. An outside contractor developed the model, an independent third party did the environmental review, and a technical review committee was created to assist the Department in development of the model and review of the environmental aspect. Chair Sutherland continued that the Department has looked at the inventory on the Westside, forest health issues, and what is important to the management of these Trust lands. The enabling act of 1889, federal laws, and state statutes have also been taken into consideration during this project. He stated that the Department has not lost sight of its fiduciary responsibility or the environmental/ecological approaches necessary to create and maintain sustainable forest management. He then commended DNR staff, Board members, and various groups who have contributed to the Sustainable Harvest Calculation process.

Bruce Mackey began by thanking DNR staff specifically Angus Brodie, Weikko Jaross, and Bryan Lu for their work on the modeling. He also thanked Jon Tweedale, Bob Van Schoorl, Gretchen Nicholas, Jack Hulsey, Jim Hurst, Howard Thronson and Craig Partridge for their work on the budget. He added that Tami Riepe was a critical link in this process for her assistance in working with Fish and Wildlife and HCP implementation.

Mr. Mackey then referenced handouts 24 & 25 and suggested discussing outcomes and how to implement them.

Ms. Bergeson wanted to make sure that the resolution was discussed first because it outlines the ultimate decision.

Mr. Mackey referenced slide 2 (Handout 24) which asks two questions 1) How to conserve, enhance, and create eco-system habitats on landscape levels to meet ESA requirements? 2) How do we conserve, enhance, and create healthy working forests to meet the financial obligations of the trust mandate? He continued that all of the alternatives analyzed, including the preferred alternative, meet the letter and intent of the HCP and provide benefits to all the people of Washington. He then referenced slide 4 (Handout 24):

#### *What the Preferred Alternative Delivers*

- 1) There is a dramatic change in forest structure over the life of the HCP.
  - Structurally complex forests nearly triples by 2067

- Competitive exclusion forest decreases 30% by 2067
- Within 100 years, the amount of structurally complex forests and competitive exclusion forest are basically equal
- 10-15% of each HCP planning unit will have structurally complex forests

Mr. Mackey continued that standing inventory would start at 33 billion board feet and would increase to 48 billion board feet over the life of the HCP (45% increase).

Mr. Huntingford wondered with the proposed annual cut, would the 33 billion board feet still be maintained and even increased?

Mr. Mackey said with this preferred alternative over the life of the HCP they would be growing more timber than is being extracted and over the life of the HCP more than 40 billion board feet would be extracted sustainably.

Mr. Huntingford referred to a comment made by a citizen at the last meeting pertaining to the average sustainable cut being 800 million board feet over 30 years.

Mr. Cook wondered how you would increase the harvest from its current level and still call it sustainable.

Mr. Mackey responded that there would be an increase in the number of operable acres. The bottom line is that this preferred alternative would improve the health of the forest, meet all the HCP commitments, and increase net revenue to the beneficiaries. In the first decade it would be about \$350 million gross and about \$230 million net.

Mr. Mackey discussed active management and referred to slide 8, 9, 10 (Handout 24).

#### *Active Management*

In the long-term, starting in 2014, the preferred alternative has 80% more land on-base.

- Increasing the land on base allows harvest and silvicultural activities that create ecological benefits to occur across the landscape
- In the preferred alternative, silvicultural activities will be applied to about 17,000 acres a year
- Out of the 1,178,000 acres on base we will be applying silviculture practices on 1.5% of the land each year.

#### *Silviculture*

In Alternative 1:

- About 15,000 acres are impacted each year.

Out of the 654,000 acres on base we will be applying silviculture practices on 2.3% of the 4 land each year.

In the Preferred Alternative:

- This Impact is spread out across the landscape.
- Currently it is more concentrated

#### *Cumulative Effects*

Cumulative effects, to the extent that they exist, will, in general, be decreased by the Preferred Alternative.

-Ten year implementation plans will be developed for each HCP planning unit and will go through SEPA.

Any potential cumulative impacts will be identified and mitigated by this planning process.

Mr. Nichols wondered what the working definition of cumulative impacts is?

Mr. Mackey described that it would include impacts to public resources.

Mr. Nichols clarified that there would be a cumulative impact assessment in the ten-year plan and Mr. Mackey said yes it would go through SEPA.

Mr. Mackey added that they would be using good science and adaptive management applied through silvicultural tools.

Mr. Mackey then referenced slide 12 (Handout 24).

*In the Preferred Alternative about 1 million acres will be under habitat management using:*

Variable retention silviculture regimes;

0 seed tree retention, shelterwood, legacy tree and patch harvests.

Variable density thinning; Older thinnings; Smallwood thinning; Riparian, Spotted owl and murrelet habitat enhancement silviculture; NRF and Dispersal management zones; Low density plantation management to open stands; deferrals.

All of the tools mentioned above are used to meet the specified habitat objectives in the HCP.

Mr. Mackey stated that regeneration harvests are not what they were 20 years ago. Variable retention regimes include significant retention of the previous stand.

Mr. Nichols asked if these silviculture tools would be used in the riparian areas?

Mr. Mackey said he was talking about the entire 1.4 million acres, which includes the HCP lands.

Mr. Huntingford asked for Mr. Mackey's comments on regeneration harvests in riparian areas.

Mr. Mackey responded that there might be patch cuts in riparian areas but it would be for the purpose of creating habitat.

Ms. Nicholas added that there is a 25 foot interzone in the riparian areas which is a no harvest zone.

Mr. Nichols asked if there were discussions with the Federal Services about what type of activity would take place in the riparian areas.

Mr. Mackey said the Department is working closely with the Federal Services and are close to finalizing an agreement with them. The assumptions in the model reflect those negotiations.

Mr. Nichols asked if the agreement would guide how DNR manages and applies biodiversity pathways to riparian areas.

Ms. Nicholas said yes it would but before it goes through SEPA they will be talking with the tribes and various stakeholders. The goal for riparian areas would be for habitat restoration.

Ms. Bergeson asked if there was agreement on the riparian areas.

Ms. Nicholas felt that it would be agreed upon by the time the FEIS is completed.

Mr. Mackey referenced slide 14 (Handout 24).

Ms. Bergeson asked for clarification on GEM's?

Mr. Mackey responded that it is a synonym for "General Ecological Management"

Mr. Mackey continued that they asked the regions how and when they could reach the target, the response from the regions was that they could biologically and operationally meet those targets.

(Slide 16 ~ Handout 24)

Mr. Nichols asked if the increase would be phased in over time?

Mr. Mackey said yes.

Mr. Bare asked what the average was for the decade and referenced page 9.

Ms. Nicholas said it was 554 for the Westside.

Mr. Bare pointed out that the graph shows the Eastside and Westside combined.

Mr. Mackey responded that the correct number for the Westside is 554.

Chair Sutherland asked what the current level of sustainable harvest is?

Mr. Mackey responded 575 on the Westside.

Chair Sutherland stated that DNR is significantly below the current average.

Mr. Bare asked how the average went from 636 to 554?

Mr. Mackey replied that the average decadal level if you started tomorrow would be 636. To ramp up you get a lower average because you don't get there the first year.

Mr. Bare referred back to the last meeting's information that showed 636 in the first decade.

Mr. Mackey reiterated that those numbers were based on the assumption that you would start tomorrow.

Mr. Bare asked if there is a link between the current cut?

Mr. Mackey said there were implementation realities that were unavoidable.

Mr. Brodie stated that this alternative includes an implementation ramp; the result is you don't achieve the full potential in the first decade.

Mr. Bare asked why?

Mr. Brodie responded that it was due to implementation issues including hiring staff and cash flow.

Mr. Huntingford asked what happens in years 11-20?

Mr. Brodie responded that at the end of the decade there would be a decision point where the SH could be recalculated.

Ms. Bergeson asked if the last year of the decade would start at 636?

Mr. Brodie said after the first decade the inventory in the first decade would still grow and be available in the second decade.

Mr. Bare asked if you could assume that all of the published decadal harvest levels for all of the alternatives in the DEIS were potential?

Mr. Brodie said that was their intent.

Mr. Mackey referenced slide 17 (Handout 24), which shows a difference in implementation in alternative 1 and the potential preferred alternative in the first decade. The net revenue difference would be \$300 million in the first decade and \$528 million for the second decade.

Mr. Nichols asked if the net revenue was a calculation after the cost of biodiversity pathways and hiring staff were subtracted?

Mr. Mackey said yes, but it takes time to achieve full potential. (Slide 21 ~ Handout 24)

#### *Operational Certainty*

We can do it operationally if we have policy certainty.

NRF and Dispersal target 50%; Remove 50/25, using extended SEPA analyses now in place for every timber sale; NSO Memo #1=2007, outside OESF=2007, SW Washington=2006, OESF=2004; Legacy and reserve trees=HCP

Old Growth=10-15% in HCP planning units and keep the Old Growth Research Areas

Other details are summarized in the Resolution that if passed, would be fully analyzed in the Final EIS.

Mr. Nichols asked for clarification on the removal of the 50/25 rule.

Mr. Mackey explained that the 50/25 rule was applied across the landscape and does not meet its intended purpose. The SEPA process is more specific to the landscape.

Ms. Bergeson asked about the 50/25 rule and how it was implemented.

Ms. Nicholas explained that 50% of the trees have to be 25 years or older. As the Department owned less land in watersheds this rule started to constrict operability. She explained that a landscape approach allows more flexibility to address specific issues in each timber sale where as the 50/25 doesn't address all the aspects including hydrological, habitat, and water table issues.

Ms. Bergeson added that the purpose of biodiversity pathways would be to create habitat as well as a diverse forest.

Mr. Cook asked if the 10-15% of Old Growth was structurally complex forest?

Mr. Mackey said it was the Old Growth as defined in the HCP, 160 years of age.

Mr. Cook asked if this was the 15% that was off base?

Mr. Mackey responded that some of it could be off base and that some of it would be in the NRF and Dispersal and riparian zones.

Mr. Huntingford asked if excluding the issue of ramping up could the 636 average be reached?

Mr. Mackey said yes.

Mr. Huntingford expressed his concern about the potential loss of 25% in one year and being able to gain it back the next. He wondered how to capture and get to 636 in this decade.

Mr. Bare added that the owl circle releases were added to the SH under the potential preferred alternative in the first decade, but the technicalities of implementation interacted to drive the SH lower. Apparently, there was no harvest arrearage using the process described by the Department.

Mr. Brodie clarified that the adopted total amount of volume for the decade would be the value being evaluated at the end of the decade and the difference would be the arrearage upon which the Department would do an analysis of. With the potential preferred alternative the volume would be 554x10 on average over the decade, it would not be the 636x10. The timber is still on the land base and because the policy is changed around flow it can be captured in future decades.

Mr. Huntingford questioned the ramp up issue and how it would be addressed?

Mr. Bare referenced handout 25 (page 17, Table 18) and commented that there would be no regeneration harvests in the first decade; it would be strictly biodiversity pathways.

Mr. Brodie said that was correct although there is a difference between the model and actually applying it to the ground.

Ms. Nicholas added that the procedure allows for patch cuts of 2.5 acres or smaller in hardwood only.

Ms. Bergeson said the dollars were based on the model and is potentially more conservative than it would be when applied.

Mr. Mackey said that was correct, but it is a model so it's based on various assumptions. Overall the net revenue result would be about the same.

Mr. Mackey referred to Slide 22 & 23 (Handout 24) discussing how to reach the target financially.

*What are the financial requirements to reach this potential?*

We will shorten contract lengths and use contract harvesting where it is operationally feasible.

- Creates about \$13 million in the first three years to ramp up
- Increases the fund balance in the short run

We know the direct costs required to meet the operational schedule

- We are very efficient

*Detailed Cost Study*

Indirect costs are more difficult to determine exactly because they are tied to most of the other programs in the agency but we have analyzed them as well.

For the presentation on February 17, we used 4-year cost averages. We wanted to compare between alternatives.

- Indicated that preferred alternative might cost as much as 31%.

Slide 25 (Handout 24)

#### *Management Costs*

The preferred alternative will require an increase for some period of time.

The increase will need to be in place before the end of 2007.

It looks like:

- FDA needs to go to 25%

- RMCA needs to go to 27%

- Having the increase in place prior to the end of 2007 would add more financial certainty in meeting the preferred outcomes.

Mr. Bare asked if an increased management cost would be necessary in the first decade.

Mr. Mackey said no there did not need to be an increase. He continued on slide 26 (Handout 24).

Mr. Bare asked for an annual report on monitoring the Department and added that this should be included.

Mr. Mackey continued on slide 27 (Handout 24)

#### *Success Depends Upon Several Things*

- Operational certainty

- Clear direction and support on the policy direction from the BNR

- DNR meeting the operational levels projected on time

- No decrease in prices

- Price is a big variable over which we have no control

- Held constant

- No downturn in forecast

- No major surprises that curtail operations

- Obtaining a temporary increase in the management funds prior to 2007

- Needed for either alternative 1 or the Preferred Alternative

- Less is needed for the preferred alternative

- No increase in operational costs

Ms. Bergeson wondered about the quality of timber if the preferred alternative is selected.

Ms. Nicholas talked about value vs. volume and explained that the timber would be managed for the desired market.

Mr. Tweedale added that it's an interactive process and historically DNR has grown tighter stands.

Ms. Bergeson clarified that there would be a more diverse forest with better value.

Mr. Bare asked about the weakening of environmental protections in regard to the preferred alternative.

Mr. Mackey responded that environmental rollback would have two assumptions behind it. The first one being the 50/25 rule and cumulative impacts, which has been discussed at length, the second is having more standing inventory in the future than we currently have. He continued that over time a more diverse

structure would be created. The HCP protects aquatics, uplands, and current/future listed species; additionally the forest and fish rule protects public resources as well as the roads. This alternative meets DNR's environmental obligations and because the HCP was also based on revenue generation it achieves the balance that the Board is looking for.

Ms. Nicholas added that there has been extensive time and money put into ecological research and improvements, thousands of acres of murrelet surveys, and four years spent on riparian procedures. There would be no changes to the legacy tree procedure.

Mr. Nichols asked about the increase in harvest and what the vision is for the Preferred Alternative.

Mr. Mackey continued on slide 28 (Handout 24).

Ms. Bergeson commented that the operational cost would increase with addition of new employees.

Chair Sutherland interjected that on a per unit basis those operational cost would stay the same.

Mr. Mackey said yes. He then referenced slide 28 (Handout 24)

*Targets (with some level of acceptable variation) need to be agreed upon*

636 mmbf is the biological potential of the forest under policies of the preferred alternative.

- It is sustainable

- It is obtainable by the end of the decade

- The number will vary somewhat as new information and more certainty is incorporated into operations and as we refine the data in the model

- E.g. approve Marbled Murrelet, Riparian Management Strategies, FRP Review

554 mmbf is the mean annual volume for the first decade

650 mmbf is the mean annual volume for the second decade

*Acceptable Variation in Target Volume*

10% variation in the target volume seems reasonable with the policies and procedures needed to implement the Preferred Alternative.

*The Board gave us Management Principles and Objectives*

We constructed the Preferred Alternative to meet those objectives

- Meet fiduciary and legal obligations

- Being prudent

- Assuring intergenerational equity

- Maintaining asset productivity in perpetuity

- Create a flexible framework to work within

- Phase in management strategies to maximize revenue within reasonable expenditures

- Experiment with innovative forestry techniques to maintain a diverse healthy forest system and to protect sensitive area and habitats

- Monitor and report results in an outcome based format annually at a minimum

We will implement the Preferred Alternative using the objectives.

With a little wind at our back and if the creek don't rise- *we can do it.*

Mr. Nichols wanted to know more about heavy harvesting in riparian areas.



Mr. Mackey explained that in the run (alt 6) some elements were pushed but in reality we would not do that.

Mr. Cook stated that the Preferred Alternative is a better business plan and at the same time does a better job of addressing environmental issues.

Break at 1:45

Reconvened at 2:00

Mr. Nichols asked about certification completion before final adoption of the Resolution in June.

Chair Sutherland responded that if the monies were available in this biennium the budget would have to be signed by the Governor, the fieldwork would not be done until October or November of 2004.

Mr. Partridge remarked that the Pinchot Institute has estimated quite a bit more than the amendment in the Capital Budget shows, which is \$50,000. In his opinion it is not realistic to have a side-by-side assessment done by June 2004. If a bill were to pass that requests analysis then DNR would provide it at that time to the best of the Department's ability with the data available.

Ms. Bergeson clarified that in a conversation with Representative Dunshee the language in the budget doesn't tie the Preferred Alternative to the study. She suggested that the Board move ahead with their decision on an alternative today and continue to look at certification.

Chair Sutherland suggested that upon completion of the FEIS supplying it to both SFI and FSC and then continuing analysis on Certification at that point.

Mr. Partridge added that the model allows for new information so it would be a continual process.

Mr. Nichols asked what the pros and cons were in regard to running the potential preferred alternative in the FEIS.

Mr. Brodie responded that it would take the Department time to do the additional analysis.

Mr. Mackey detailed the resolution and began by discussing the legal and structural framework. He added that Ms. Bergeson suggested including a section for reporting and monitoring to the Board on ecological and environmental results.

Mr. Nichols asked what maturity criteria under "E" (Handout 26) means?

Ms. Nicholas responded that it had been reworded to reflect that in uplands with general management objectives targets would be based on product, whereas in the uplands with specific objectives the harvesting would relate to the environmental objectives. In general objectives the average would be 65 years old with a range from 45-70. In uplands with specific objectives the average would be over 75 years old.

Mr. Nichols suggested that "F" which covers Biodiversity Pathways (Handout 26) should be more specific to include NRF and Dispersal, owl circles, and across the landscape as appropriate.

Mr. Brodie clarified that Mr. Nichols wanted to make a distinction about the Department's use of biodiversity principles within the three land classes. He added that they could include the NRF and Dispersal areas, owl circles, and across the landscape as appropriate so it wouldn't be a requirement but more a policy position.

Mr. Nichols wanted a distinction between policy direction and principle reflected in the resolution.

Ms. Bergeson added that the language regarding net present value clearly showed intergenerational equity in the Management Principles and Objectives memo, but did not reflect that in the resolution. She felt that Mr. Nichols wanted the language to read more closely to the principles memo.

Mr. Tweedale remarked that the intent from an operational level is to employ biodiversity pathways to NRF and Dispersal, owl circles, and across the landscape as appropriate. This policy would set direction for DNR to apply those silvicultural techniques; DNR would report to the Board as those techniques were applied.

Mr. Nichols asked if there was objection to using the word "moderate" in the riparian areas?

Mr. Tweedale said no it's more a technical focus on a specific point as opposed to allowing a silvicultural technique on a broader landscape level.

Mr. Nichols wanted to know why the resolution couldn't reflect biodiversity pathways since that seemed to be the intent all along.

Mr. Bare stated that there were eight principles the Board had agreed upon and the Resolution is an abbreviated set of those principles. The Resolution adds elements that were not part of the Principles. He suggested elaborating on section "F".

Ms. Bergeson suggested incorporating the principles into the Resolution and adding the other practices needed to direct the FEIS.

Mr. Brodie clarified that the management principles and objectives would be added to the resolution and A-M would be the pieces represented in the modeling of the Preferred Alternative. The specific language that Mr. Nichols suggested would be appropriate in how DNR is representing the principles in the model.

Chair Sutherland asked for clarification on Ms. Bergeson's request to incorporate the principles into the Resolution.

Ms. Bergeson restated that she wants net present value to reflect intergenerational equity in the Resolution.

Jack Hulseley came forward and suggested that the FEIS is capable of answering a lot of questions that cannot be answered in the Resolution. The Board's action today is to provide direction to the DNR to commence the FEIS.

Ms. Bergeson remarked that the two documents represented in the Resolution were the Principles agreed upon by the Board and the description of the proposed policy and procedures. She added if there were changes made what would it do to the FEIS.

Mr. Hulseley suggested utilizing the Management Objectives and Principles in the construction of the FEIS.

Mr. Nichols mentioned that there are many people interested in this process on both sides and in his opinion this needs to give precise direction where appropriate and to the extent that the Board feels comfortable voting on the Resolution. He added that Ms. Bergeson's additions should be inserted and that it needs a little more specificity.

Mr. Hulsey suggested adding the Management Principles and Objectives & the Proposed Policy Changes and Procedures as attachments to the Resolution as well as focusing the biodiversity pathways in habitat areas.

Ms. Bergeson asked for "net revenue" to be taken out of section "L".

Chair Sutherland asked if the Board was ready to put these additions into the Resolution.

Ms. Bergeson remarked that Mr. Nichol's specific language in reference to biodiversity pathways; the need for a monitoring and reporting system, and the clear intent of intergenerational equity (section "L") should be inserted into the resolution.

Mr. Nichols wanted a reference in "H" to the discussion earlier in the meeting regarding cumulative impacts being addressed through the SEPA process. He continued that on "K" it should mention the agreement with the Federal Services (in reference to riparian management). Mr. Nichols commended Chair Sutherland for his proposal on Old Growth, he then suggested inserting "for the protection of standing old growth and the development of older forests as defined by structural characteristics."

Ms. Bergeson asked what protection meant?

Mr. Nichols responded that the existing stands would not be cut down.

Ms. Bergeson expressed her concern over whether or not the old growth section would be locking them into a strategy that is not fully understood.

Ms. Nicholas remarked that the existing older stands should be incorporated into the landscape where appropriate to meet the HCP targets.

Mr. Hulsey suggested the following language (to be inserted after the last sentence in Section "G") as instruction to the drafters of the FEIS: "provided that existing older stands and old growth as defined by the HCP shall be a priority focus for the 10-15%."

Mr. Nichols agreed with the language. He expressed concern regarding how the Board would address Old Growth in the next two years if there were only this one reference.

Chair Sutherland explained that operationally each sale or activity would be looked at with the 10-15% goal in mind.

Mr. Nichols asked if the discussions concerning Old Growth as a policy matter could be continued as the Board moves into reviewing the Forest Resource Plan.

Chair Sutherland agreed.

Mr. Huntingford proposed adding, "A decadal average of 636 shall be attained" to the beginning of the first sentence under section "L".

Mr. Hulsey indicated that it would change the fiscal and environmental contours of the first decade and would not create arrearage.

Mr. Tweedale responded that DNR couldn't get to 636 on the average. As a target it is reasonable and with the financial ability DNR should be able to exceed 554. He added that there would be an operational and cultural change in order to achieve this target.

Mr. Bare added that he is concerned about how they are going to arrive at the end result of 636. The average of 554 was set because of implementation concerns; it was a management constraint that the Department put on themselves.

Ms. Bergeson added that she didn't want people's expectations to exceed what DNR can realistically achieve.

Chair Sutherland suggested "L" reading "to attain an annual harvest of 636." He continued that the intent in the Preferred Alternative that the goal is 636 mmbf per year on the Westside, with the knowledge that it wouldn't be reached in the first year.

Mr. Bare wondered if there were any other ways to get to 636?

Ms. Bergeson suggested setting a target and assuming the average today but to continue looking at creative funding to reach the target.

Mr. Hulsey referred to section 5 of the Resolution and stated that her direction fits into that category.

Ms. Bergeson stated that the target level should be in section 5 of the Resolution.

Break at 3:15

Reconvened at 3:30

Mr. Hulsey stated that the word "Principles" was struck from the first paragraph of Resolution #1110. On page 2, section 4 the reference to "Principles" was struck and the numeration was modified due to changes in language. Section "F" was modified to add Mr. Nichols suggestion of "priority for habitat areas and across the landscape as appropriate". Proviso language was added in section "G" to read at the end of the paragraph "provided that existing old growth (as defined by the HCP) and older stands will be a priority focus in developing the HCP planning unit targets." Section "H" and additional section was added to address cumulative impacts through the SEPA process. In Section "K", "and agreement with the Federal Services", was added. The previous section "L" was dropped (net revenue) and now refers to the monitoring and reporting that DNR will conduct for the Board on an annual basis. In Section 5 the last sentence was added "The Department is directed to prepare a Preferred Alternative that shall meet an annual harvest target of 636mmbf as soon as possible."

Mr. Bare interjected that he would prefer it to read "average" annual harvest target of 636 during the first decade.

Mr. Hulsey responded that this was a broad direction in setting the target and DNR would be coming back to the Board in May with additional analysis on how to reach the 636mmbf.

Mr. Mackey added that the word “average” could be inserted and when the FEIS is ready the Board could then make the decision on whether or not it’s feasible.

Ms. Bergeson stated her concerns about funding and what the impact would be from an environmental standpoint. She continued that she didn’t want to get hung up on the number but wanted to focus on selecting the Preferred Alternative.

Mr. Huntingford commented that it was implied to the Board that all of the alternatives were environmentally achievable but it now seems like the preferred alternative may not be, and that concerns him.

Mr. Hulsey explained that there are trade-offs for different implementation scenarios on the 636mmbf.

Ms. Bergeson reminded the Board that they were not setting the target today.

Mr. Huntingford suggested leaving the 636mmbf in Section 5 and then coming back to the Board with information on funding and how the target could be reached.

Mr. Mackey said they would do the analysis and bring it back to the Board.

Chair Sutherland stated that the language in the resolution gives the flexibility to come back to the Board with attainable target numbers.

Mr. Bare pointed out that the language only implies that in year 10 it would be no lower than 636mmbf. He then asked what the sustainable harvest is in the first decade.

Chair Sutherland replied that the Resolution was not intended to answer that question; those answers would be in the FEIS.

Mr. Bare stated that he wanted an average.

Ms. Bergeson commented that the decision should focus on the Preferred Alternative not the number.

Mr. Tweedale addressed the ramp up issues and suggested that it be articulated in Section 5. He continued that they could not get to 636 in the first decade.

Mr. Hulsey suggested adding that the average target could be 636mmbf if funding becomes available.

Mr. Tweedale disagreed and asked that the Board recognize that there would be a ramp up between today and the end of the decade, in his opinion that should be incorporated to qualify the 636mmbf.

Mr. Bare asked why 636mmbf couldn’t be reached as an average.

Mr. Tweedale responded that he could not predict the last 5 years of the decade. He then stated that the Department could not guarantee 636mmbf in the first decade.

Mr. Huntingford suggested adding “as soon as possible” at the end of the last sentence in Section 5, of Resolution #1110.

Mr. Tweedale agreed and commented that it would give the Department time to ramp up.

Mr. Huntingford commented that he’d like to see the funding and staffing options.

Mr. Hulsey suggested striking the word average.

Mr. Bare disagreed.

MOTION: Ms. Bergeson moved to approve the Preferred Alternative Principles Resolution #1110, as corrected

SECOND: Bruce Bare seconded.

DISCUSSION: Ms. Bergeson thanked DNR staff for all their work on the SHC process. She commented that she truly believes that the environmental issues will be resolved in terms of a sustainable forest; secondly she felt that this would improve the benefits to the trust. She commented that by choosing this Preferred Alternative the land base would increase as well as the intensity and care by which the silviculture would be applied to habitat areas.

Mr. Huntingford agreed.

Mr. Cook commented that this alternative is a step forward and feels that it will further the goals of the BNR and the Department in improving the trust lands. He added that he is amazed by the process and is excited about how it came together.

Mr. Bare added that the three circles are very complex and he feels very comfortable with this motion and feels that this alternative is a step in the right direction.

Mr. Nichols talked about continuing the certification analysis and the Old Growth proposal. He commented that he would be looking forward to discussions on the Forest Resource Plan.

Chair Sutherland thanked the Board for their hard work on this process and also DNR staff. He commented on the balance between legal responsibilities and spiritual place.

Mr. Nichols thanked Angus Brodie for all his work on the SHC.

ACTION: Motion passed unanimously

Meeting adjourned at 4:30p.m.

Approved this \_\_\_\_ day of \_\_\_\_\_, 2004

\_\_\_\_\_  
Doug Sutherland, Commissioner of Public Lands

\_\_\_\_\_  
Bob Nichols for Governor Gary Locke

\_\_\_\_\_  
Bruce Bare, Dean, University of Washington

\_\_\_\_\_  
R. James Cook, Dean, Washington State University (Interim)

\_\_\_\_\_  
Terry Bergeson, Superintendent of Public Instruction

\_\_\_\_\_  
Glen Huntingford, Commissioner, Jefferson County

Attest:

\_\_\_\_\_  
Sasha Lange, Board Coordinator